

Carencro, Louisiana, home financed through the Construction to Permanent Guaranteed Rural Housing program with JPMorgan Chase.



## National Official Visits Louisiana For National Homeownership Month Celebration

### From the Program Director

**Debbie Redfearn**

Single Family Housing Program Director

With the help of our dedicated housing partners, Louisiana is poised to have a record-setting year in the Guaranteed Rural Housing program. As of June 30, 2007, we have assisted 1,059 Louisiana families with an investment of \$121.6 million—ranking Louisiana fourth highest in the nation for the Guaranteed Rural Housing program. 774 of these homes were purchased in declared disaster or contiguous parishes.

Thank you for choosing the Guaranteed Rural Housing program to help meet your clients' housing needs. Funds are plentiful, so think of Rural Development first when working with clients in eligible areas. Together, we are helping to ensure the future of Louisiana.

**Please see the hurricane recovery section in this issue (page 4) to learn how the Louisiana GRH program can be used to provide housing in the affected areas.**

**J**une was recognized nationwide as National Homeownership Month. In Louisiana, USDA Rural

Development celebrated the occasion by spotlighting the construction to permanent guaranteed home loan program in Carencro and Sulphur, Louisiana. The innovative construction to permanent guaranteed loan program is a partnership effort between USDA Rural Development and JPMorgan Chase. This government/private partnership

program was formed in response to the need to provide affordable housing for people in rural areas.

David Villano, Deputy Administrator for Single Family Housing, traveled to Louisiana from Washington, D.C., to mark the occasion with homeowners, lending organizations, community partners, and USDA Rural Development staff. Trees were planted at two homes financed through the Guaranteed Rural Housing program.



David Villano, Deputy Administrator for Single Family Housing, participated in National Homeownership Month events in Carencro (left) and Sulphur (right), Louisiana.

# Welcome!

**MortgageAmerica, Inc.**  
Birmingham, Alabama

**New Guaranteed Rural  
Housing Lender!**



July 2007

## Guaranteed Underwriting System (GUS)

The Guaranteed Underwriting System (GUS) is now available in Louisiana for all approved lenders. Currently, GUS is a direct data entry system, meaning applications must be manually entered into GUS.

Lenders presently using DU/DO/LP or other loan origination systems (LOS) to enter applications will not be able to import them into GUS at this time. Manually entering a loan into GUS and receiving a loan recommendation may add 10-30 minutes of additional processing time.

Use of GUS is voluntary, but lenders are encouraged to use this important automation tool for the Guaranteed Rural Housing program.

GUS incorporates the underwriting requirements of RD Instruction 1980-D and uses a modified version of the Federal Housing Administration (FHA) mortgage scorecard known as Technology Open To Approved Lenders (TOTAL) in a web-based automated underwriting environment.



### Benefits of using GUS include:

- Consistent and objective loan decisions nationwide
- Ease of use: simple and available 24 hours a day
- Increased credit quality of guaranteed loans
- Lower processing time and origination costs to lenders: GUS IS FREE
- Improved service to approved lenders, streamlined documentation options and faster turnaround times for conditional commitments
- Automated property and income eligibility determinations in seconds

### Two highly anticipated future enhancements to GUS include:

- An import/export function so that lenders will not have to type data into GUS that has already been entered in the lender's loan origination system (LOS). Lenders will be able to upload applicant information from their LOS into GUS, and also download data from GUS to their LOS.
- A broker access function so that brokers may enter data into GUS, receive a preliminary result with feedback, and then assign the application to an approved lender.

**To learn more about GUS**, see RD Administrative Notice No. 4273, or go to GUS Lender Overview Training which is available online at:  
<https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.asp>

Approved lenders interested in using GUS in Louisiana should send an email to Scott Pousson at [scott.pousson@la.usda.gov](mailto:scott.pousson@la.usda.gov) or call (318) 473-7630.

## Income Limits in Louisiana

**Guaranteed Rural Housing  
Moderate Income Limits  
Adjusted Income Limits**  
(Orleans Parish is Ineligible for Lending)

### Non-Disaster Parishes

Number in Household	Income Amount*
1 Person	\$48,000
2 Persons	\$54,850
3 Persons	\$61,700
4 Persons	\$68,550
5 Persons	\$74,050
6 Persons	\$79,500
7 Persons	\$85,000
8 Persons	\$90,500

Effective April 12, 2007

\*Add 8 percent of 4-person income limit for each person in excess of 8 persons.

**"Moderate Income" is defined as 115 percent of the U.S. Median Family Income.**

### Disaster Parishes

**Modified Adjusted Income Limits  
Declared Disaster Parishes and  
Contiguous Parishes**  
(Effective October 1, 2006)

Number in Household	Income Amount*
1- 4 Persons	\$68,550
5-8 Persons	\$90,500





## Manufactured Home Permanent Perimeter Enclosures

Recently, we have received requests for clarification of USDA Rural Development's requirements for permanent perimeter enclosures for manufactured homes. In addition to a permanent foundation system, RD Instruction 1924-A requires a permanent perimeter enclosure. Although the enclosure does not necessarily support the weight of the home, it must be designed to withstand external forces such as wind, seismic forces, etc. The perimeter enclosure must be properly ventilated, have an access, and be constructed of foundation materials. Acceptable foundation materials are concrete, masonry concrete block, treated wood, and load bearing metal framing set on reinforced concrete slab or footing.

## Top Originator of Minority Loans Mortgage USA, Inc.

Congratulations to Mortgage USA, Inc. of Natchitoches, Louisiana, for originating the most GRH minority loans in Louisiana so far this year.

Mortgage USA, Inc., was presented the 2007 Achievement Award for originating \$1.7 million in GRH loan funds during Fiscal Year 2007.

### Guarantee Fee is Tax Deductible

Great news! The Internal Revenue Service (IRS) has determined that the total amount of the guarantee fee is tax deductible in the year the loan is closed.



## Suggestion Box

### We want to hear from you!

Give us your suggestions to improve the Guaranteed Rural Housing program in Louisiana.

### Why would you choose another program over the Guaranteed Rural Housing program?

Please send your ideas to  
[debbie.redfearn@la.usda.gov](mailto:debbie.redfearn@la.usda.gov).

## Construction to Permanent Pilot Program With JPMorgan Chase Bank

The key feature of this pilot program is that USDA Rural Development will issue the final Loan Note Guarantee following the closing of the interim loan, and prior to the completion of the subject property. This program is available statewide.

## Rural Energy PLUS Pilot Program

Qualifying ratios (both PITI and total debt ratios) may be exceeded by 2% if the home is built to meet the 2000 International Energy Conservation Code (IECC) or subsequent comparable code. Both new construction and existing homes may be eligible. This nationwide pilot will operate through the end of 2007.

## GRH News Delivered to Your E-Mail!

Lenders are invited to sign up for GRH Origination and Servicing news delivered right to your email. Simply go to the website below, enter your email address, and select the updates you want to receive:  
<http://www.rdlist.sc.egov.usda.gov>

## Address Updates, Questions, and Comments

In an effort to save paper and postage, we are distributing this and future newsletters by e-mail. Thanks go to those of you who have responded to our request and provided us your e-mail address. Our e-mail address list is growing longer each day. If you would like to add your name to our e-mail distribution list for newsletters and program announcements, please provide your e-mail address to [debbie.redfearn@la.usda.gov](mailto:debbie.redfearn@la.usda.gov).

## Hurricane Recovery in Louisiana

### Supplemental Disaster Funding

\$1.2 billion has been allocated to the Gulf states affected by the hurricanes of 2005. Louisiana received \$543,103,448, and unused funds can be carried over from year to year.

### Expanded Eligible Areas

To assist in the recovery effort, we have received authority to approve Guaranteed Rural Housing loans in the following areas:

- Sulphur (Calcasieu Parish) - expires 9/24/08
- New Iberia (Iberia Parish) - expires 9/24/08
- Houma (Terrebonne Parish) - expires 9/24/08
- Slidell (St. Tammany Parish) - expires 9/24/08
- All of Jefferson Parish excluding the unincorporated areas of the East Bank of the Mississippi River (Metairie and River Ridge are not eligible) - expires 9/24/08
- All of St. Bernard Parish - expires 8/29/08
- All of East Baton Rouge Parish excluding the incorporated area of Baton Rouge - expires 8/29/08

These areas are eligible for a period of three years from disaster date. Loans must be approved and obligated within this time frame. This list of expanded eligible areas has been added to the Income and Property Eligibility website: <http://eligibility.sc.egov.usda.gov>. Maps will not reflect the expanded eligible areas.

### Adjusted Income Limits

For declared disaster parishes and contiguous parishes, the following adjusted income limits are in effect:

**1-4 person household - \$68,550**  
**5-8 person household - \$90,500**

Our exception authority will expire September 30, 2008. For the remaining parishes, there is no change to the income limits.

### In-ground Swimming Pools

Louisiana has received exception authority to approve homes with in-ground swimming pools in declared disaster and contiguous parishes. In the remaining parishes, waivers may be granted on a case-by-case basis.

### Thermal Requirements

Louisiana has received exception authority to waive Rural Development thermal requirements for existing dwellings in declared disaster and contiguous parishes. In the remaining parishes, waivers may be granted on a case-by-case basis.



July 2007

## Things to Know

### Administrative Notices

The following Administrative Notices have been issued addressing Guaranteed Rural Housing (GRH) loan-making and servicing issues:

**RD AN No. 4262 (1980-D)** dated March 30, 2007, provides guidance on the use of debt ratio waivers and compensating factors when approving loan guarantees, reiterates agency methodology for evaluating "payment shock," and clarifies whether it is required that collection accounts with outstanding balances be paid off prior to loan closing under the GRH program.

**RD AN No. 4263 (1980-D)** dated April 10, 2007, clarifies the use of replacement cost for new construction located in remote rural areas.

**RD AN No. 4266 (1980-D)** dated April 11, 2007, clarifies how to properly analyze a self-employed applicant's loan application for repayment ability.

**RD AN No. 4268 (1980-D)** dated April 19, 2007, elaborates upon what forms of credit history and current debt verifications are acceptable for GRH loans.

**RD AN No. 4269 (1980-D)** dated April 19, 2007, elaborates upon the acceptable forms of employment income verifications for GRH loans.

**RD AN No. 4273 (1980-D)** dated April 24, 2007, announces the availability of an optional automated underwriting system for the GRH program, known as the Guaranteed Underwriting System (GUS).

**RD AN No. 4287 (1980-D)** dated June 14, 2007, clarifies the content and submission requirements for GRH lender real estate owned (REO) property disposition plans and incorporates guidance regarding occupied REO.

### Debts of an Ex-Spouse

Since Louisiana is a community property state, the debts of an ex-spouse do not have to be counted if a community property settlement has been recorded. If the applicant is moving to Louisiana from a non-community property state, procedural requirements must be followed.

**Maximum Loan to Value Ratio (LTVR)** for GRH purchase loans is 102 percent (if the entire guarantee fee is financed). The guarantee fee for purchase loans is 2.00 percent. The refinance fee is 0.5 percent.

### Not sure if a property is in an eligible area?

Try out the Income and Property Eligibility website: <http://eligibility.sc.egov.usda.gov> It can also be used to calculate adjusted household income and compare it to current income limits.

**Please visit Louisiana's USDA Rural Development website:** <http://rurdev.usda.gov/la>.

Check here for general program information, contacts, updates, and other valuable information on all USDA Rural Development programs in Louisiana.

### Instructions, Forms, Procedure Notices

Rural Development (RD) Instructions, Forms, Procedure Notices (PNs), and Administrative Notices (ANs) can be viewed on the Internet. The link is: <http://www.rurdev.usda.gov/regs/>

To obtain Rural Development forms, visit the eGov website: <http://www.sc.egov.usda.gov/>. To obtain a copy of Louisiana Administrative Notices, contact the Guaranteed Housing Specialist in your area.





USDA Rural Development guarantees home loans made by banks, savings and loans, mortgage companies, and other approved lending institutions. Funds can be used to build, purchase existing dwellings, repair, or purchase and prepare sites, including providing water and sewage facilities.

**Post this page in a prominent place in your office!**

## Contact Us

Area I - Monroe	Area II - Natchitoches	Area III - Lafayette	Area IV - Amite
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**Parishes served:**  
Caldwell, Catahoula, Claiborne,  
Concordia, East Carroll, Franklin,  
Jackson, LaSalle, Lincoln,  
Madison, Morehouse, Ouachita,  
Richland, Tensas, Union, and  
West Carroll

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**Parishes served:**  
Avoyelles, Bienville, Bossier,  
Caddo, DeSoto, Grant,  
Natchitoches, Rapides,  
Red River, Sabine, Vernon,  
Webster, and Winn

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**Parishes served:**  
Acadia, Allen, Beauregard,  
Calcasieu, Cameron, Evangeline,  
Iberia, Jefferson Davis, Lafayette,  
Pointe Coupee, St. Landry,  
St. Martin, St. Mary, and  
Vermilion

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**Parishes served:**  
Ascension, Assumption,  
East Baton Rouge,  
East Feliciana, Iberville,  
Jefferson, Lafourche, Livingston,  
Plaquemines, St. Bernard,  
St. Charles, St. Helena,  
St. James, St. John,  
St. Tammany, Tangipahoa,  
Terrebonne, Washington,  
West Baton Rouge, and  
West Feliciana

<p><b>State Office</b> 3727 Government Street Alexandria, Louisiana 71302 Telephone: (318) 473-7630 TDD/TTY: (318) 473-7655 Fax: (318) 473-7829</p>	<p><b>Debbie Redfearn</b> Single Family Housing Program Director debbie.redfearn@la.usda.gov</p>	<p><b>Scott Pousson</b> Single Family Housing Specialist scott.pousson@la.usda.gov</p>
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<http://www.rurdev.usda.gov/la>

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